

Navigating The New RFP Season: Vital to Growing Revenue in The Year Ahead

By [Jennifer Driscoll](#), Vice President of Revenue Management, McNeill Hotel Company | October 09, 2022



It almost goes without saying, our hospitality world can change quickly and to succeed we must be able to quickly assess trends and make the appropriate adjustments.

Never was this proven so dramatically than throughout the pandemic, which presented us with operational and financial challenges never before seen, not even in large-scale economic downturns.

From the perspective of hotel operations, the surprises just kept on coming. With new spacing, housekeeping and sanitation protocols and regulations, social distancing entered the hospitality lexicon. We also needed to be able to ramp staffing up and down quickly in response to market conditions, even if a property wasn't closed temporarily. Food and beverage services took on a new look and feel.

Combined with the labor pressures that had already been under way pre-pandemic, cross training became the vogue and many property general managers really came to understand the daily challenges of our dedicated housekeeping staffs. Overall, as we confronted and solved the many challenges, hoteliers gained a heightened perspective on operations and discovered new efficiencies that could be applied going forward.

Revenue managers were similarly put under the microscope. Especially, with business and group travel and formal meetings curtailed in many markets, we had to be extremely careful with pricing; and explore with our sales staffs new ways to reach potential business travellers, often traveling singly and who became mixed in with transient business. Parking lot surveys were back in vogue. A premium was further placed on ways to grow our non-room revenues. As with hotel operations, we have gained insights that will help guide us in the future.

In this article, as we progress through RFP season, we will discuss some of the other-room strategies that have proven valuable; the importance of the newest RFP season in the context of the pandemic; and, overall, how the pandemic has taught us some new lessons, while reinforcing in other ways the value of traditional hospitality smarts. Spoiler alert: know your local market and competitors well.



Getting Across the Revenue Chasm

When it comes to total spend per available or occupied room, different property types have varied possibilities. Luxury and full service properties will usually, or often, have multiple restaurants, including linen-service gourmet venues; lounges (bars); retail shops; meeting spaces; maybe, even leased out services like a barber or hair salon.

In contrast, select service and extended stay properties will have limited fee-generating amenities beyond a market shop and smaller scale food service. While some hotels charge for breakfast or a premium breakfast, for the most part, complimentary breakfast has become de rigueur in our industry. This is likely to remain so, as the major brands and operators instead focus on making breakfast service more efficient and less costly to provide.

However, in today's marketplace and society, a pet-friendly approach to hospitality has become an excellent generator of other-room revenue. Families and individual on leisure travel in particular want their pets with them, and, when a family is on vacation, there will generally be someone to watch them, or the hotel will have on hand a list of local pet sitters. At the same time, it can be difficult or quite expensive to find pet care at home, helping further explain the trend.

For the earliest days of the pandemic, we found, like other hotel operators that being pet-friendly helped push demand and occupancy. People wanted to get out of their homes and travel and bring their pets along with them. In those early days, our own organization worked with a major brand to develop its pet-friendly policies, one of the first in the industry. Now, many brands have adopted and promoted this guest-pleaser and revenue-generator.

The actual charges will vary depending on property type and location, but they are significant. While industry-wide experiences seem to be good, we do know that accidents and damage can occur with animals. If necessary, individual properties can charge the appropriate cleaning or damage fees.

Certainly, many hotels were lenient about charging for no shows or late cancellations just coming out of Covid. However, more stringent policies for cancellations and related booking events can be another appropriate other-room revenue generator, supported by stronger demand in many markets. These fees can apply to no shows, late calculations, early check-ins and late checkouts.

Charging for the loss of a room that would otherwise be occupied and generating revenue, especially when demand is high, is justified. There is also something to be said for applying policies consistently across time and the modern guest should understand that there is a "cost" to increased flexibility in their plans and needs. However, these policies should be applied with reasonable discretion, remembering to consider guest history with a property or individual circumstances.

Additionally, today's technologies assist in offering room upgrades, either at the time of booking for a room or upon arrival. This can also be a significant other-room revenue generator. A similar example is premium room experiences with upgraded amenities and snacks, which can be incorporated into brand loyalty programs. In that case, guests would be spending some of their built up credits.

Last, another discretionary other-room revenue generator might be in charging, or charging more, for meeting space and audio-visual services; and applying set-up or clean up fees when permitting outside catering for an event.



'Tis the Season for RFPs

We expect this new RFP season to be one of the most challenging for quite some time. There are several reasons. First, while we have many ways to gauge and forecast business and group travel trends and preferences, there remain some uncertainties as organizations rethink business travel. Everything is in play: the number and size of prospective meetings; Zoom and Team Meetings reliance versus fatigue; and corporate carbon footprint and sustainability policies and goals.

Certainly, there could be a trend to smaller, more localized travel, which actually may work to the advantage of many properties. In some respects, hotel properties in the largest urban areas are still re-organizing and re-marketing to appeal to group business in new ways.

Next, industry rates for corporate accounts have been flat since 2019, understandably so. Clearly, we would like to restore some balance in pricing that reflects the value of our product to our corporate groups. This is made more germane due to inflation, which is on the mind of all of us. Accounting for compounded inflation since 2019, we have about 16 percent in adjusted rate-deficit to make up, let alone what the next year or two holds in store with respect to inflation. As a result, hotel operators will continue to press aggressively for efficiencies in all areas, not just labor, that will support appealing rates for our corporate accounts.

The revenue management strategy that many organizations will pursue is to structure as many accounts as possible to dynamic pricing. As just discussed, this is especially important in an inflationary environment and when our industry is pushing, understandably, for rate growth.

In addition to the ever-present balance between pricing offers and availability rules, we expect that revenue managers will carefully balance, in particular, daily rates versus length of stay when negotiating with their static rate accounts. Further, concessions will need to be reviewed and mitigated when and where possible on every rate offer. Structuring carefully items like commissions and guarantee and cancellation policies, along with free breakfast and/or parking, are additional ways to help drive overall revenues and profits.

Given these factors, we expect revenue managers to be more aggressive in pricing this RFP season.

Of course, even with corporate accounts, we have to consider general demand trends. Realistically, leisure travel has helped carry the hospitality industry over the past two years and we do expect to see continued pent-up demand for family travel, especially with drive-to markets and traditional vacation locations. However, we do have to acknowledge that as international borders open up, travelers have more options. Similarly, as big cities stabilize and improve, visits to urban areas like San Francisco, Chicago or the Big Apple will once again be attractive. We will have to watch this situation closely as markets readjust.

Regardless, we expect the trend that combines business travel with leisure travel, bleisure, to continue. What have traditionally been softer shoulder days have definitely gotten stronger in many markets. There are obvious implications for pricing, as travelers are now combining corporate-paid stay days with days coming out of their own pockets. We want to be sensitive on pricing for these welcome guests days, while also being careful should guests compare what their company paid for a room to what they pay as a self-funded traveler.

How else has Covid impacted our revenue management thinking?

Two things come to mind. First, the flexibility or variety in choice of asset class demonstrated by travelers during the pandemic has encouraged many hospitality revenue managers to look upstream and downstream a bit more when projecting major demand and assessing competitors. In particular, the popularity and practicality of extended stay properties has not been lost on any us in the hospitality industry-developers, investors and revenue managers!

Second, and refreshingly so, the pandemic has reaffirmed the importance of augmenting our amazing, sophisticated revenue management systems and the "numbers" they generate with our own insights and local market knowledge. Remember to always challenge the numbers. Do they make sense? Are they realistically reflecting real time market conditions?

The pandemic demonstrated the value of thinking on our feet as we scrambled to understand new guest behaviors or patterns; and, also, discover alternate ways of prospecting business guests. These insights will continue going forward. For just one example, who imagined that hotels would be taking rooms out of inventory because not enough housekeeping staff was on hand to handle cleaning chores? In this environment, we need to assess existing and potential capacity of our competitors when setting our own rates and room availability.

Overall, we welcome the challenges of the year ahead. They help instruct our revenue management decisions, while improving our skills sets, keeping our task lively and rewarding.



Ms. Driscoll

Jennifer Driscoll serves as Vice President of Revenue Management for McNeill Hotels. Ms. Driscoll joined McNeill in 2018 with over 27 years of experience in the hospitality field. After graduating from Florida State University with a degree in Hospitality Administration, she joined the Hilton Orlando/Almonte Springs. During her time at the Hilton Orlando/Altamonte Springs, she held several Management positions. In addition, Ms. Driscoll worked as Revenue Manager with both the Holiday Inn Select Orlando Airport and the Embassy Suites Orlando Airport. In 2004, she joined the Embassy Suites Brand Regional Revenue team in Hilton's Memphis corporate office, assisting both corporate and franchise hotels to achieve optimal mixes and revenues. Ms. Driscoll then joined Hilton's Hampton Brand team, as Director of Revenue Management in 2007. Ms. Driscoll and her team were responsible for strategic guidance and RM support for ten years. She led all Revenue Management initiatives at Hampton while driving performance to achieve optimal revenues and share. In addition to supporting Hilton's largest brand, Hampton, Ms. Driscoll played a key role in the development of Revenue Management support and strategic direction for Hilton's newest brand, Tru by Hilton. Ms. Driscoll can be contacted at +1 901-322-4806 or jdriscoll@mcneillhotels.com

[Extended Biography](#)

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